(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)

TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Financial Statements
As At and For the Year Ended
31 December 2012
With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

11 February 2013

This report contains 2 pages of independent auditors' report and 53 pages of financial statements and notes to the financial statements.

TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

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Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish (See Note 2.1.1)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

We have audited the accompanying financial statements of TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the "Company"), which comprise the statement of financial position as at 31 December 2012, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards promulgated by Capital Markets Board of Turkey. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of TSKB Gayrimenkul Yatırım Ortaklığı Anonim Şirketi as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey (Note 2).

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact below;

As explained in Note 11, there are legal cases relating to Pendorya Mall that take a significant portion of the Company's investment properties. As at the reporting period, in addition to the uncertainties over the final results of the legal cases, the Company's Management does not expect any result that could significantly affect the Company's financial statements, therefore, the accompanying financial statements do not include the possible effects of these legal cases.

Istanbul, 11 February 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova, Certified Public Accountant
Partner

Additional paragraph for convenience translation to English:

As discussed in Note 2.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

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TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

ASSETS	*Notes*	Audited 31 December 2012	Audited 31 December 2011
CURRENT ASSETS		**26,501,956**	**20,178,354**
Cash and cash equivalents	*4*	22,072,571	15,153,604
Trade receivables	*7*	1,337,819	1,888,295
Due from related parties	*22*	*7*	-
Other trade receivables	*7*	*1,337,812*	*1,888,295*
Other receivables	*13*	3,091,566	3,136,455
NON-CURRENT ASSETS		**337,872,374**	**320,385,910**
Investment property	*8*	328,080,000	309,835,000
Tangible assets	*9*	42,943	85,753
Intangible assets	*10*	2,314	13,821
Other non-current assets	*13*	9,747,117	10,451,336
TOTAL ASSETS		**364,374,330**	**340,564,264**
LIABILITIES AND EQUITY			
SHORT-TERM LIABILITIES		**13,096,014**	**11,636,492**
Funds borrowed	*6*	11,008,768	10,733,923
Due to related parties	*22*	*11,008,768*	*10,733,923*
Trade payables	*7*	732,813	572,653
Due to related parties	*22*	*212,396*	*1,021*
Other trade payables	*7*	*520,417*	*571,632*
Employee benefits	*12*	128,884	109,001
Other short-term liabilities	*13*	1,225,549	220,915
LONG-TERM LIABILITIES		**116,134,177**	**110,831,571**
Funds borrowed	*6*	115,908,276	110,685,024
Due to related parties	*22*	*115,908,276*	*110,685,024*
Employee benefits	*12*	65,890	18,534
Other long-term liabilities	*13*	160,011	128,013
EQUITY		**235,144,139**	**218,096,201**
Paid in capital	*14*	150,000,000	150,000,000
Share premium	*14*	593,140	593,140
Restricted reserves	*14*	152,670	152,670
Retained earnings		67,350,391	70,187,929
Net profit / (loss) for the period		17,047,938	(2,837,538)
TOTAL LIABILITIES AND EQUITY		**364,374,330**	**340,564,264**

The accompanying notes form an integral part of these financial statements.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2012	Audited 1 January - 31 December 2011
Sales	15	16,205,082	14,734,434
Cost of sales	15	(5,158,237)	(4,878,536)
Gross profit		**11,046,845**	**9,855,898**
Administrative expenses	16	(2,316,166)	(2,509,064)
Selling and marketing expenses	17	(972,968)	(1,058,655)
Other operating income	18	7,933,508	15,454,824
Other operating expense	18	(50,878)	(69,723)
Operating profit		**15,640,341**	**21,673,280**
Share of loss of equity-accounted investees	5	(11,665)	(33,750)
Finance income	19	6,476,814	1,638,865
Finance costs	19	(5,057,552)	(26,115,933)
Profit / (loss) from continuing operations before tax		**17,047,938**	**(2,837,538)**
Tax income / (expense) on continuing operations			
- *Current tax income / (expense)*	20	-	-
- *Deferred tax income / (expense)*	20	-	-
Net profit / (loss) from continuing operations		**17,047,938**	**(2,837,538)**
Net profit for the period from discontinued operations, net of tax		**-**	**-**
NET PROFIT / (LOSS) FOR THE PERIOD		**17,047,938**	**(2,837,538)**
Basic earnings / (loss) per share (par value of TL 1)	21	**0.1137**	**(0.0189)**
Diluted earnings / (loss) per share (par value of TL 1)	21	**0.1137**	**(0.0189)**

The accompanying notes form an integral part of these financial statements.

	Audited 1 January - 31 December 2012	Audited 1 January - 31 December 2011
NET PROFIT / (LOSS) FOR THE PERIOD	**17,047,938**	**(2,837,538)**
OTHER COMPREHENSIVE INCOME	**-**	**-**
TOTAL COMPREHENSIVE INCOME	**17,047,938**	**(2,837,538)**

The accompanying notes form an integral part of these financial statements.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Share capital	Share premium	Restricted reserves	Retained earnings	Net profit / (loss) for the period	Total
Balance at 1 January 2011		150,000,000	593,140	152,670	63,980,053	6,207,876	220,933,739
Total comprehensive income							
Net loss for the period		-	-	-	-	(2,837,538)	(2,837,538)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**(2,837,538)**	**(2,837,538)**
Transaction with owners of the Company, recognised directly in equity							
Transfers		-	-	-	6,207,876	(6,207,876)	-
Total transactions with owners of the Company		**-**	**-**	**-**	**6,207,876**	**(6,207,876)**	**-**
Balance at 31 December 2011		**150,000,000**	**593,140**	**152,670**	**70,187,929**	**(2,837,538)**	**218,096,201**
Balances at 1 January 2012		150,000,000	593,140	152,670	70,187,929	(2,837,538)	218,096,201
Total comprehensive income							
Net profit for the period		-	-	-	-	17,047,938	17,047,938
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**17,047,938**	**17,047,938**
Transaction with owners of the Company, recognised directly in equity							
Transfers		-	-	-	(2,837,538)	2,837,538	-
Total transactions with owners of the Company		**-**	**-**		**(2,837,538)**	**2,837,538**	**-**
Balance at 31 December 2012	*14*	**150,000,000**	**593,140**	**152,670**	**67,350,391**	**17,047,938**	**235,144,139**

The accompanying notes form an integral part of these financial statements.

TSKB GAYRİMENKUL YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012
(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2012	Audited 1 January - 31 December 2011
Cash flows from operating activities			
Net profit / (loss) for the period		**17,047,938**	**(2,837,538)**
Adjustments to:			
Change in fair value of investment property		(7,389,587)	(15,156,445)
Finance income	*19*	(6,476,814)	(1,638,865)
Finance costs	*19*	5,057,552	26,115,933
Allowance for doubtful receivables	*16*	426,391	647,940
Change in income accruals	*13*	6,820	(39,542)
Change in expense accruals	*13*	61,986	(6,768)
Provision for unused vacation pay liability		14,883	6,907
Provision for personnel bonus		105,870	95,000
Share of loss from equity-accounted investees	*5*	11,665	33,750
Depreciation expenses	*9*	42,810	21,994
Amortisation expenses	*10*	13,572	15,020
Provision for / (reversal of) employee severance indemnity	*12*	60,967	(10,441)
Cash flows provided by operating activities before the changes in working capital		**8,984,053**	**7,246,945**
Restricted balances on cash and cash equivalents		4,160,625	(533,788)
Change in trade receivables		124,085	(1,085,817)
Change in other assets		742,288	1,648,565
Change in trade payables		160,160	(414,855)
Personnel bonuses paid during the period		(100,870)	(95,268)
Employee benefits paid during the period	*12*	(13,611)	(2,794)
Change in other liabilities		962,981	(1,460,388)
Net cash provided by operating activities		**15,019,711**	**5,302,600**
Cash flows from investing activities			
Acquisition of equity-accounted investees		-	(10,000)
Interest received		1,627,884	1,609,128
Acquisition of investment property		(11,462,320)	(3,298,313)
Acquisition of tangible assets	*9*	-	(68,390)
Acquisition of intangible assets	*10*	(2,065)	(16,088)
Net cash used in investing activities		**(9,836,501)**	**(1,783,663)**
Cash flows from financing activities			
Acquisition of funds borrowed		18,725,840	-
Repayment of funds borrowed		(7,544,491)	(12,670,525)
Interest paid		(5,245,948)	(6,476,817)
Net cash used in financing activities		**5,935,401**	**(19,147,342)**
Effect of exchange rate fluctuations on cash and cash equivalents		9,087	23
Net increase / (decrease) in cash and cash equivalents		**11,127,698**	**(15,628,382)**
Cash and cash equivalents at 1 January	*4*	10,897,420	26,525,802
Cash and cash equivalents at 31 December	*4*	**22,025,118**	**10,897,420**

The accompanying notes form an integral part of these financial statements.

1. ORGANISATION AND OPERATIONS OF THE COMPANY

TSKB Gayrimenkul Yatırım Ortaklığı AŞ's (the "Company") main activity is to invest in properties, property projects and property related capital market instruments. The Company was established on 3 February 2006.

The headquarter of the Company is registered in Meclisi Mebusan Cad. Molla Bayırı Sok. No: 1 34427 Fındıklı - Istanbul, Turkey. The number of personnel employed in the Company as at 31 December 2012 is 10 (31 December 2011: 11).

The Company is a subsidiary of Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") and was registered on 3 February 2006. In accordance with the relevant article of the Capital Markets Board of Turkey ("CMB") Communiqué on the Principles of Real Estate Investment Trusts, which was in force at that date, as real estate investment trusts have to apply to the CMB with the request that the share certificates representing at least 49% of the paid-in capital that will be offered to the public are registered in the time periods changing according to the capital amounts, and as the period expires on 3 February 2007 for the Company, the Company applied to the CMB on 30 January 2007 for the extension of the public offering for one year, considering the risk perceptions regarding the existing and expected market conditions, and received the extension approval on 12 March 2007. It was stated in the letter sent by the CMB to the Company on 17 December 2007, relating to the permission application for the increase of the Company's paid-in capital in 2007 from TL 10,000,000 to TL 75,000,000, that the deadline for board registry application for the public offering of the Company shares was extended to 3 February 2009 as the capital of the Company was increased to TL 75,000,000, in accordance with the CMB decision dated 19 April 2007.

The Company decided that its paid-in capital, which was TL 75,000,000, would be increased by TL 25,000,000 to TL 100,000,000, with the registered capital ceiling of TL 100,000,000, and that the increased capital would be paid by the shareholders in proportion to their shares, in its extraordinary general assembly dated 24 November 2008. The capital increase was registered on 28 November 2008 and was published in the Turkish Trade Registry Gazette No. 7202, dated 3 December 2008. Again, in accordance with the Communiqué article which was in force at that date, as it was foreseen that the public offering of the real estate investment trusts whose paid in capital is TL 100,000,000 or more, is to be made within five years of either the establishment of the investment trust or the related amendment to the articles of association being registered with the Trade Registry, the CMB informed the Company with the letter dated 10 November 2008 that the deadline for the public offering of the Company shares is 3 February 2011.

On the other hand, with the amendment dated 31 December 2009 made by the CMB to the Communiqué on the Principles of Real Estate Investment Trusts, the application that a time is granted for trusts which are established instantaneously or which become real estate investment trusts by amendment of articles of association with regards to a public offering, is cancelled and it is made obligatory that the shares of trusts representing a minimum 25% of their capital be issued within three months of either the establishment of the investment trust or the related amendment to the articles of association being registered with the Trade Registry, are offered to public and that they apply to the CMB with the request that all shares be registered. In addition, in the temporary article prepared to clarify the status of the existing real estate investment trusts whose shares are not offered to the public, against the amendment in the Communiqué, it is foreseen that companies with the status of real estate investment trust by establishment or transformation before the publishing date of the Communiqué amendment, would apply to the CMB with the request that minimum 25% of their issued capital be offered to the public.

As per the Board of Directors resolution dated 2 February 2010 numbered 96, it has been decided to increase the paid in capital of the Company by TL 50,000,000 to 150,000,000 and the increased shares to be offered to the public through the restriction of the pre-emptive rights of the existing shareholders. With the capital increase by 50%, nominal value of C group shares amounting to TL 50,000,000 (with additional sales TL 57,500,000) which will be offered to the public for the first time were registered by the CMB with the record number GYO 60/250 on 25 March 2010. Public offering of the shares was realised on 1 and 2 April 2010 and the Company shares are being traded on the Istanbul Stock Exchange since 9 April 2010.

1. ORGANISATION AND OPERATIONS OF THE COMPANY *(continued)*

The Company established a joint venture with Bilici Yatırım Sanayi ve Ticaret AŞ in Adana under the name of Bilici Yatırım-TSKB GYO Adana Otel Projesi Adi Ortaklığı ("Adana Otel Projesi Adi Ortaklığı") on 26 May 2011. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret AŞ and 50% of participation for the Company. The main operations of Adana Otel Projesi Adi Ortaklığı is to start, execute and complete the hotel project which will be operated by Divan Turizm İşletmeleri AŞ (formerly known as Palmira Turizm Ticaret AŞ).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1. Statement of compliance

The Company maintains its book of accounts and prepares its statutory financial statements in accordance with the Turkish Commercial Code and Turkish Tax Code.

The accompanying financial statements are prepared in accordance with the accounting and reporting standards promulgated by CMB. The Company prepared its financial statements in accordance with the communiqué Serial: XI, No:29 "Communiqué on Financial Reporting Standards in Capital Markets" ("Communiqué XI-29") promulgated by CMB, which is published at 9 April 2008 in the Official Gazette numbered 26842.

The companies, which reports in accordance with financial reporting standards of CMB, are required to prepare their financial statements in accordance with Communiqué XI-29 which refers to International Accounting Standards ("IAS") / International Financial Reporting Standards ("IFRS"), which were endorsed, by European Union. However, until the issuance of differences by Turkish Accounting Standards Board ("TASB"), within the IAS/IFRS endorsed by European Union and IAS/IFRS issued by International Accounting Standards Board ("IASB"), the accompanying financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") / Turkish Financial Reporting Standards ("TFRS"), issued by TASB and which are the same as IAS / IFRS.

Per decree law No: 660 published on the Official Gazette dated 2 November 2011 and became effective, additional article No: 1 of the 2499 numbered Law on establishment of TASB has been abrogated and the establishment of Public Oversight, Accounting and Auditing Standards Authority (the "Board") has been decided by the Council of Ministers. In accordance with the additional temporary article No: 1 of the decree law, current regulations will prevail until related standards and regulations will be issued by the Board become effective.

As at 31 December 2012, the accompanying financial statements of the Company have been approved by the Board of Directors of the Company on 11 February 2013. The General Assembly and related government institutions have the authorisation to revise these financial statements and statutory financial statements.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.1. Basis of presentation *(continued)*

2.1.2. Basis of presentation of financial statements

As at 31 December 2012, the financial statements and the accompanying notes are presented in accordance with the “Communiqué Serial: XI, No: 29 Financial Reporting in Capital Markets” as promulgated by the CMB, with the announcement dated 17 April 2008 and numbered 11/467.

2.1.3. Functional and presentation currency

These financial statements are presented in Turkish Lira (“TL”), which is the Company’s functional currency. All financial information is presented in TL unless otherwise stated.

2.1.4. Comparative information

The accompanying financial statements are presented comparatively in order to identify trends in the Company’s financial position, performance and cash flows. Where necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative figures are reclassified and material changes are disclosed in the related notes. A reclassification has been made on statement of financial position as at 31 December 2011, in order to maintain consistency and prepare the financial position of the Company in line with the statement of financial position as at 31 December 2012. Reversal of provisions amounting to TL 175,792 as at 31 December 2011 has been classified to “Other income” from “Administrative expenses” in the current period.

2.2. Changes in accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in the financial statements. Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period financial statements.

2.3. Changes in accounting estimates and errors

The preparation of the financial statements in conformity with Communiqué No: XI-29 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant estimates and judgments used by the Company are included in the following note:

Note 8 – Fair value measurement of investment property

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.4. New standards and interpretations implemented and not yet adopted as at 31 December 2012

2.4.1. New standards and interpretations implemented at 2012

The Company has applied all the standards issued by IASB and all the interpretations issued by IASB's International Financial Reporting Interpretation Committee ("IFRIC") which are effective as at 31 December 2012.

2.4.2. New standards and interpretations not yet adopted as at 31 December 2012

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these financial statements. It is not expected to have any effect on the financial statements of the Company except Revised TFRS 13 as explained above.

Revised TFRS 13 *"Fair Value Measurement"* defines fair value, establishes a framework for measuring fair value and sets out related disclosure requirements. TFRS 13 does not give rise to any new requirements as to when fair value measurements are required, but instead provides guidance on how fair value should be measured and disclosed when required or permitted under other IFRSs. It replaces the inconsistent fair value measurement guidance currently included in individual IFRSs, with a single source of authoritative guidance on how to measure fair value. TFRS 13 has an effective date of 1 January 2013. It can be adopted early and is applied prospectively.

Amendments to IAS 19 Employee Benefits includes changes in the accounting of defined benefit plans. The amendments are effective for annual periods beginning on or after 1 January 2013.

2.5. Summary of significant accounting policies

Significant accounting policies applied during the preparation of the financial statements are summarised as follows.

2.5.1. Accounting of income and expense

Sales revenue

Revenue includes sales income, rental income and income from allocation of expenses related with investment property to tenants.

Rental income from investment property is recognised in profit or loss on an accrual basis.

Rental income from investment property leased out under operating lease is recognised in the income statement on a straight line basis over the term of the lease.

Revenue is measured at the fair value of the consideration received or receivable.

Interest income and expense

Interest income is recognised through profit or loss on accrual basis by using the effective interest method.

If borrowing costs are totally related with an investment property in progress, these borrowing costs are included in the cost of mentioned investment property. Other borrowing costs are recognised through profit or loss by using the effective interest rate.

Other income and expense

Foreign exchange gains/losses except totally related with an investment property in progress, are recognised in profit or loss on a net basis.

Other income and expense are recognised through profit or loss on accrual basis.

2. BASIS OF PRESENATIONS OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.2. Investment property

i) Operating investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Accounting of rental income which is arising from investment property is mentioned at Note 2.5.1.

ii) Investment property under construction

Investment property under construction are those which are held either to earn income or for capital appreciation or for both, in the future. Investment property is measured initially at cost and after initial recognition, investment property is carried at fair value and related changes are recognised in profit or loss. When the fair values of such properties cannot be determined reliably until the construction is completed, the Company accounts for such investment property under construction using the cost model until the date the construction is completed.

All costs directly associated with the purchase and construction of an investment property, and all subsequent capital expenditures for the development qualifying as acquisition costs are capitalised.

Borrowing costs are capitalised if they are directly attributable to the investment property under construction. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use.

2. BASIS OF PRESENTATIONS OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.3. Tangible assets

All tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and if any borrowing cost.

When parts of a tangible asset have different useful lives, they are accounted for as separate items (major components) of tangible assets.

Depreciation

Depreciation is recognised on a straight-line basis over the useful lives of the tangible assets from the date of acquisition. The estimated useful lives of tangible assets are as follows:

Fixtures and fittings	5 years
Vehicles	5 years

Subsequent costs

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognised in profit or loss as expense as incurred. The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5.4. Intangible assets

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of intangible assets is calculated on a straight-line basis over the inflation adjusted values of the useful life of the related assets. The expected useful lives of intangible assets are 2 years.

2.5.5. Jointly controlled entities

Jointly controlled entities are those entities over whose activities one or more entities has joint control, established by contractual agreement and requiring unanimous consent for economic benefits.

Jointly controlled entity which is constituted as Adana Otel Projesi Adi Ortaklığı is accounted for using the equity method in the accompanying financial statements. Under the equity method, investments in the jointly controlled entities are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the jointly controlled entity and the comprehensive income reflects the share of the results of operations of the jointly controlled entities. Where there has been a change recognised directly in the equity of the jointly controlled entities, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Financial statements of the jointly controlled entity are prepared in line with the financial statements of the Company in the same accounting period using uniform accounting policies.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.6. Impairment of assets

The Company determines whether there are any indicators for impairment at every reporting period ended. In the case of an indicator, the recoverable value of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. In this case, the impairment loss is recognised immediately in profit or loss.

2.5.7. Financial instruments

The Company has the following financial assets: cash and cash equivalents and trade receivables; and has the following financial liabilities: loans and borrowings, finance lease liabilities and trade payables.

i) Non-derivative financial assets

The Company initially recognises the financial assets on the date they are originated.

Financial instruments are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Cash and cash equivalents

Cash and cash equivalents are comprised of cash, bank balances with maturity periods of less than three-months and other highly liquid short-term investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. The carrying values of these assets are close to their fair values.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.7. Financial instruments (continued)

i) Non derivative financial instruments *(continued)*

Reverse repo receivables

Securities purchased under agreements to resell are recorded as reverse repo receivables under cash and cash equivalents in the financial statements. Interest income accrual on reverse repo receivables is accounted for the difference between the purchase and resale prices earned during the period.

Due from / Due to related parties

The shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and investments are considered and referred to as the related parties. The carrying amounts of due from and due to related parties are close to their fair values.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequent to initial recognition, those assets are measured at amortised cost using the effective interest method, less any impaired losses at each reporting dates. If there is an objective evidence of uncollectibility, the Company books a provision for the doubtful receivables and losses are recognised in profit or loss. Provision is the difference between the carrying value of the receivables and probable amount of the collection. The Company management believes that the carrying amounts of trade receivables approximate to their fair values.

ii) Non-derivative financial liabilities

The Company initially recognises non-derivative financial liabilities on the date that they are originated. All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: funds borrowed and trade payables.

Financial liabilities are recognised initially at fair value. Subsequent to initial recognition, the financial liabilities are measured at amortised cost using the effective interest method.

iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as deduction from equity, net of any tax effects.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.8. Foreign currency transactions

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of the Company are expressed in TL, which are the functional currency of the Company and the presentation currency for the financial statements.

Transactions in foreign currencies are translated into functional currency at Central Bank's exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to functional currency at the exchange rate at that date. Gains or losses on translation of foreign currency denominated transactions to TL or presentation of foreign currency denominated monetary assets are recognised in profit of loss.

2.5.9. Earnings per share

Earnings per share is calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (see Note 21).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates.

2.5.10. Events after the reporting period

Events after the reporting period represent the events that occur against or on behalf of the Company between the reporting date and the date when statement of financial position was authorised for the issue. There are two types of events after the reporting period:

- those that provide evidence of conditions that existed as at reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If there is evidence of such events as of reporting date or if such events occur after reporting date and if adjustments are necessary, the Company's financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

2.5.11. Provisions, contingent assets and contingent liabilities

A provision is recognised when the Company has a present implicit or legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the notes.

If the inflow of economic benefits is probable, contingent assets are disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur, such asset and income statement effect are recognised in the financial statements at the relevant period that income change effect occurs.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.12. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor in the operating lease transactions

Operating lease income is recognised in profit or loss with straight-line method through the term of the lease.

The Company as lessee in the operating lease transactions

Operating lease expense is recognised in profit or loss with straight-line method through the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised on a straight-line basis over the lease term.

The Company as lessee in the finance lease transactions

Tangible assets that are acquired through financial lease are recorded as asset in the statement of financial position of the Company and related payments are recognised as financial lease obligation in liabilities. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

2.5.13. Related parties

Shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Transactions with the related parties consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

2.5.14. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the authorised body of the Company (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

2.5.15. Government grants and incentives

As explained below in 2.5.16, the Company is exempted from the corporation tax because of its real estate investment trust company status.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.16. Taxation

Corporate income tax

According to Article 5/1(d) (4) of the New Corporate Tax Law No: 5220, the income of Real Estate Investment Trusts ("REIT") is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax.

According to New Corporate Tax Law Article 15/(3), the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through publication of a Decree based on the Corporate Tax Law Article 15/(34). In accordance with New Corporate Tax Law Article 15/(2), income subject to corporate tax is also exempt from withholding tax.

According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers and determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers numbered 2009/14594 related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/(3) published in the Official Gazette dated 3 February 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. Thereof, in accordance with the Article 5/1(d) (4) of the New Corporate Tax Law, real estate investment company earnings, regardless of the fact they are distributed or not, will be subject to 0% withholding.

Deferred tax

According to IAS 12 – *Income Taxes,* deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Since the Company is exempt from Corporate Income Tax in Turkey in accordance with Article 5 of the Corporate Tax Law, deferred tax is not recognised.

2.5.17. Employee benefits / reserve for employee severance indemnity

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company.

The provision for employee severance indemnity has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. Reserve for employee severance indemnity is calculated based on the ceiling rate announced by the Government.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5. Summary of significant accounting policies *(continued)*

2.5.18. Statement of cash flows

The Company presents statement of cash flows as an integral part of other financial statements to inform the users of financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions. For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, receivables from reverse repos and bank balances having maturities shorter than 3 months.

2.5.19. Restrictions on the investment portfolio of real estate investment

Information given in Note 25, "Compliance control of the portfolio restrictions", are summarised from the financial statements prepared in accordance with the Article 17 of "Communiqué Serial: XI, No: 29 Financial Reporting in Capital Markets" as promulgated by the CMB and also within the framework of compliance control of the portfolio restrictions clause of Communiqué Serial: VI, No: 11, "Communiqué on Principles Regarding Real Estate Investment Companies".

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

3. SEGMENT REPORTING

Segment reporting is monitored on the project basis by the Company management. Also, each segment's information is used for the evaluation and allocation of the resources separately by the management.

The accounting policies which are applied for segment reporting are the same as used in the Company's financial statements.

	Pendorya Mall	Fındıklı Building 1	Fındıklı Building 2	Tahir Building	Adana Hotel Project(*)	Total
31 December 2012						
Rental income	7,760,443	2,374,496	3,536,827	30,559		13,702,325
Pendorya Mall service and management charges	2,502,757	-	-	-	-	2,502,757
Sales	**10,263,200**	**2,374,496**	**3,536,827**	**30,559**	**-**	**16,205,082**
Cost of sales	(4,705,718)	(162,632)	(242,241)	(47,646)	-	(5,158,237)
Gross profit	**5,557,482**	**2,211,864**	**3,294,586**	**(17,087)**	**-**	**11,046,845**
Valuation gain on investment property	1,448,899	2,520,661	1,641,029	2,740,000	(961,002)	7,389,587
Other operating income	**1,448,899**	**2,520,661**	**1,641,029**	**2,740,000**	**(961,002)**	**7,389,587**
Equity-accounted investees	**-**	**-**	**-**	**-**	**(11,665)**	**(11,665)**
Capital expenditure	**6,433,498**	**9,339**	**542,126**	**-**	**4,697,322**	**11,682,285**

(*) At 27 September 2011, the licence of construction work for a 5-star hotel project of the Company that has been built up in Adana province, Seyhan town, Çınarlı District, Map 1653 and Plot 143, has been completed and relevant licence is obtained from Municipality of Seyhan Town.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

3. SEGMENT REPORTING *(continued)*

	Pendorya Mall	Fındıklı Building 1	Fındıklı Building 2	Tahir Building	Adana Hotel Project(*)	Total
31 December 2011						
Rental income	7,064,458	2,637,626	2,476,164	33,021	-	12,211,269
Pendorya Mall service and management charges	2,523,165	-	-	-	-	2,523,165
Sales	**9,578,623**	**2,637,626**	**2,476,164**	**33,021**	**-**	**14,734,434**
Cost of sales	(4,464,567)	(187,853)	(176,354)	(49,762)	-	(4,878,536)
Gross profit	**5,123,056**	**2,449,773**	**2,299,810**	**(16,741)**	**-**	**9,855,898**
Valuation gain on investment property	7,531,141	3,480,000	2,457,573	1,095,000	592,731	15,156,445
Other operating income	**7,531,141**	**3,480,000**	**2,457,573**	**1,095,000**	**592,731**	**15,156,445**
Equity-accounted investees	**-**	**-**	**-**	**-**	**(33,750)**	**(33,750)**
Capital expenditure	**1,026,572**	**-**	**112,427**	**-**	**3,567,740**	**4,706,739**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

3. SEGMENT REPORTING *(continued)*

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	1 January-31 December 2012	1 January-31 December 2011
Sales revenue		
Total revenue for reportable segments	16,205,082	14,734,434
Total sales revenue	**16,205,082**	**14,734,434**
Profit or loss		
Total profit or loss for reportable segments	5,158,237	4,878,536
Total profit or loss	**5,158,237**	**4,878,536**

	31 December 2012	31 December 2011
Assets		
Total assets for reportable segments	328,080,000	309,835,000
Other assets	36,294,330	30,729,264
Total assets	**364,374,330**	**340,564,264**
Liabilities		
Total liabilities for reportable segments	126,917,044	121,418,947
Other liabilities	2,313,147	1,049,116
Total liabilities	**129,230,191**	**122,468,063**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

4. CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Cash	943	-
Banks-Demand	17,053	17,164
Banks-Time(*)	22,054,575	10,982,283
Receivables from reverse repo agreements	-	4,154,157
Cash and cash equivalents on the statement of financial position	**22,072,571**	**15,153,604**
Restricted balance(*)	-	(4,160,625)
Interest income accruals on cash and cash equivalents	(47,453)	(95,559)
Cash and cash equivalents on the statement of cash flows	**22,025,118**	**10,897,420**

(*) TSKB and the Company have signed an "Account Restriction Contract" dated 27 September 2010 for the guarantee of the repayment of the loan utilised by the Company from TSKB. According to the agreement, TSKB, with the demand of the Company, may perform reverse repo, stock exchange transactions and other capital market transactions on behalf of the Company. As at 31 December 2012, there is no restricted time balance of the Company (As at 31 December 2011, the total amount of restricted balance is TL 4,160,625 which comprises of receivables from receivables from reverse repo agreements amounting to TL 4,154,157 and demand balance amounting to TL 6,468).

As at 31 December 2012 and 31 December 2011, the details of time balances at banks are as follows:

31 December 2012	Amount	Interest rate (%)	Maturity
TL	6,510,439	8.40	28 January 2013
TL	4,174,050	8.10	2 January 2013
TL	4,060,592	8.30	4 January 2013
TL	4,006,537	8.55	28 January 2013
TL	3,302,957	8.20	28 January 2013
	22,054,575		

31 December 2011	Amount	Interest rate (%)	Maturity
TL	9,207,238	11.40	4 January 2012
TL	1,055,918	11.25	4 January 2012
TL	719,127	11.65	2 January 2012
	10,982,283		

As at 31 December 2012, there is no receivables from reverse repo agreements. As at 31 December 2011, receivables from reverse repo agreements are as follows:

31 December 2011	Amount	Interest rate (%)	Maturity
TL – Restricted	4,002,082	9.50	2 January 2012
TL – Restricted	152,075	9.01	2 January 2012
	4,154,157		

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

5. EQUITY-ACCOUNTED INVESTEES

	Ownership rate (%)	31 December 2012	31 December 2011
Adana Otel Projesi Adi Ortaklığı(*)	50	(35,415)	(23,750)

(*) The Company established a joint venture with Bilici Yatırım Sanayi ve Ticaret AŞ in Adana under the name of Adana Otel Projesi Adi Ortaklığı on 26 May 2011. The main operations of Adana Otel Projesi Adi Ortaklığı is to start, execute and complete the hotel project which will be operated by Palmira Turizm Ticaret AŞ. The capital structure of the joint venture is designated as 50% of participation for Bilici Yatırım Sanayi ve Ticaret AŞ and 50% of participation for the Company. The nominal paid-in capital of the Adana Otel Projesi Adi Ortaklığı comprises 20,000 shares of TL 1 for each amounting to TL 20,000 in total. The Company has paid TL 10,000 in cash and in advance for the 50% ownership in Adana Otel Projesi Adi Ortaklığı.

For the contingent liabilities that may arise in the future, the Company made a provision amounting to TL 35,415 in its "Other Long-term Liabilities" account that is the 50% share of the Company in Adana Otel Projesi Adi Ortaklığı's net asset value amounting to TL 70,830 (31 December 2011: For the contingent liabilities that may arise in the future, the Company made a provision amounting to TL 23,750 in its "Other Long-term Liabilities" account that is the 50% share of the Company in Adana Otel Projesi Adi Ortaklığı's net asset value amounting to TL 47,500).

As at 31 December 2012, assets, liabilities and equity, and for the year ended 31 December 2012, the income statement of Adana Otel Projesi Adi Ortaklığı is as follows:

	31 December 2012	31 December 2011
Total assets	10,548,489	5,493,545
Total liabilities	(10,619,319)	(5,541,045)
Net assets value	**(70,830)**	**(47,500)**

	1 January - 31 December 2012	26 May - 31 December 2011
Sales	-	-
Cost of sales	-	-
Net loss for the period	(70,830)	(47,500)

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

6. FUNDS BORROWED

As at 31 December 2012 and 31 December 2011, the details of funds borrowed are as follows:

	31 December 2012	31 December 2011
Short-term:		
Current portion of long-term bank borrowings	11,008,768	10,733,923
Total	**11,008,768**	**10,733,923**
Long-term:		
Long-term bank borrowings	115,908,276	110,685,024
Total	**115,908,276**	**110,685,024**
Total funds borrowed	**126,917,044**	**121,418,947**

As at 31 December 2012 and 31 December 2011, the details of bank loans are as follows:

31 December 2012

Currency	Interest rate (%)	Original currency	Short-term (TL)	Long-term (TL)
USD	Libor + 3.75	19,661,966	3,373,990	31,675,431
Euro	Euribor + 3.75	15,125,692	3,394,406	32,176,684
Euro	Euribor + 3.75	13,681,578	3,070,330	29,104,638
Euro	Eur Libor + 3.75	2,190,480	872,561	4,278,788
USD	Libor + 6.00	10,641,879	297,481	18,672,735
			11,008,768	**115,908,276**

31 December 2011

Currency	Interest rate (%)	Original currency	Short-term (TL)	Long-term (TL)
USD	Libor + 3.75	20,989,316	3,285,392	36,361,327
Euro	Euribor + 3.75	16,225,958	3,429,769	36,223,226
Euro	Euribor + 3.75	14,676,796	3,102,314	32,764,841
Euro	Eur Libor + 3.75	2,558,343	916,448	5,335,630
			10,733,923	**110,685,024**

Bank borrowings taken by the Company for Pendorya Mall project from TSKB at 4 July 2007, 25 June 2008 and 2 September 2009 amounting to USD 25,000,000, Euro 19,250,000 and Euro 17,000,000 have been refinanced by a supplementary agreement between the Company and TSKB on 29 June 2011. Current interest rates of 6 month Libor + 4.50, 6 month Euribor + 5.00 and 6 month Euribor + 5.50 have been revised as 6 month Libor + 3.75, 6 month Euribor + 3.75 and 6 month Euribor + 3.75, respectively. In addition, with the same supplementary agreement, maturities of related bank borrowings of 4 July 2016, 4 July 2016 and 2 September 2017 have been revised as 4 January 2022 for all related bank borrowings. Improvement of interest rates of the bank borrowings mentioned above has an effect on the statement of financial position and income statement of the Company amounting to TL 625,496 as at and for the year ended 31 December 2012.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

7. TRADE RECEIVABLES AND PAYABLES

Trade receivables

Current trade receivables

	31 December 2012	31 December 2011
Other trade receivables(*)	1,337,812	1,878,227
Doubtful receivables	1,435,515	1,457,975
Allowance for doubtful receivables	(1,435,515)	(1,447,907)
Due from related parties (Note 22)	7	-
Total	**1,337,819**	**1,888,295**

(*) As at 31 December 2012, current trade receivables comprise of rent receivables and receivables arising from Pendorya Mall cost allocation charges amounting to TL 871,940 (31 December 2011: TL 1,036,953), receivables arising from cost allocation charges to project partners of the projects amounting to TL 465,872 (31 December 2011: TL 827,293 and other trade receivables amounting to TL 13,981).

For the years ended 31 December 2012 and 31 December 2011, the movement of doubtful trade receivables related to rent receivables and receivables from cost allocation charges from Pendorya Mall is as follows:

	1 January- 31 December 2012	1 January- 31 December 2011
Beginning of the period	1,447,907	975,759
Allowance for the period	426,391	647,940
Recoveries during the period	(408,882)	(175,792)
Write-off receivables	(29,901)	-
End of the period	**1,435,515**	**1,447,907**

Non-current trade receivables

As at 31 December 2012 and 31 December 2011, the company has not any non-current trade receivables.

Trade payables

Short-term trade payables

	31 December 2012	31 December 2011
Other trade payables(*)	520,417	571,632
Due to related parties (Note 22)	212,396	1,021
Total	**732,813**	**572,653**

(*) As at 31 December 2012, short-term trade payables comprise of payables to construction firms amounting to TL 240,312 (31 December 2011: TL 231,523), payables for consulting services amounting to TL 35,229 (31 December 2011: TL 24,019), payables for advertising services TL 54,549 (31 December 2011: TL 204,882), payables arising from security services amounting to TL 93,444 (31 December 2011: TL 47,978), and other payables amounting to TL 96,883 (31 December 2011: TL 63,230).

Long-term trade payables

As at 31 December 2012 and 31 December 2011, the Company has not any long-term trade payables.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

8. INVESTMENT PROPERTY

As at 31 December 2012 and 31 December 2011, the details of investment properties are as follows:

	31 December 2012	31 December 2011
Investment property under operating lease	309,430,000	294,235,000
Investment property under construction	18,650,000	15,600,000
Total	**328,080,000**	**309,835,000**

The movement of investment property for the years ended 31 December 2012 and 31 December 2011 are presented below:

31 December 2012	1 January 2012	Acquisitions	Disposals	Change in fair value	31 December 2012
Tahir Building	7,360,000	-	-	2,740,000	10,100,000
Fındıklı Building 1	41,870,000	9,339	-	2,520,661	44,400,000
Fındıklı Building 2	41,160,000	542,126	(33,155)	1,641,029	43,310,000
Pendorya Mall(**)	203,845,000	6,433,498	(107,397)	1,448,899	211,620,000
Adana Hotel Project(**)	15,600,000	4,697,322	(686,320)	(961,002)	18,650,000
	309,835,000	**11,682,285**	**(826,872)**	**7,389,587**	**328,080,000**

31 December 2011	1 January 2011	Acquisitions	Disposals	Change in fair value	31 December 2011
Tahir Building	6,265,000	-	-	1,095,000	7,360,000
Fındıklı Building 1	38,390,000	-	-	3,480,000	41,870,000
Fındıklı Building 2	38,590,000	112,427	-	2,457,573	41,160,000
Pendorya Mall	195,290,000	1,026,572	(2,713)	7,531,141	203,845,000
Adana Hotel Project(**)	11,726,000	3,567,740	(286,471)	592,731	15,600,000
	290,261,000	**4,706,739**	**(289,184)**	**15,156,445**	**309,835,000**

(*) In accordance with the decision taken in the Board of Directors meeting, held on 11 October 2012, the Company purchased 1/20 share with the fair value of TL 10,728,750 of Pendorya Mall belinging to Ataman Turizm ve Ticaret Ltd. Şti. registered in Istanbul, Pendik, Doğu District, Plot 105, Map 865, Parcel 64 amounting to TL 6,000,000 + VAT and the ownership of the real estate is transferred to the Company by the completion of land registry transactions.

(**) At 27 September 2011, the licence of construction work for a 5-star hotel project of the Company that has been built up in Adana province, Seyhan town, Çınarlı District, Map 1653 and Plot 143, has been completed and relevant licence is obtained from Municipality of Seyhan Town.

Capitalised total interest for the loan received from Türkiye İş Bankası AŞ amounting to Euro 3,275,000 and also for the investment loan received from İş Bankası AŞ at 2012 for the same project amounting to USD 10,475,000 between the period 1 January – 31 December 2012 are amounting TL 401,154 (31 December 2011: TL 354,220). In the current period, foreign currency effect of capitalised Project development amounting to TL 319,797 (31 December 2011: TL 1,122,215).

8. INVESTMENT PROPERTY *(continued)*

Tahir Building

Tahir Building is registered in Beyoğlu, Kemankeş Street, Murakıp District, map 121, plot 77, parcel 57. The parcel has an area of 606.62 square meters. The building area is calculated as 3,198 square meters according to the measurements made.

The value of the investment property was determined as TL 2,591,110 for 106/144 shares according to the report dated 7 November 2005 prepared by the experts assigned by the Commercial Court, and this amount was transferred by TSKB to the Company as capital in kind on 6 March 2006. TL 38,880 paid by the Company to public institutions for the transfer of the investment property was capitalised. According to the report dated 31 December 2012 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Tahir Building is determined as TL 10,100,000 according to the market value approach. Rental income amounting to TL 30,559 was earned for Tahir Building for the year ended 31 December 2012 (31 December 2011: TL 33,021). There is no restriction on the investment property.

Fındıklı Building 1

Fındıklı Building 1 is registered in Beyoğlu, Mebusan Street, map 85, plot 19, parcel 110. The parcel has a right for an area of 1,695.50 square meters and a subway of 89.39 square meters.

The investment property was purchased from TSKB at TL 32,858,918 on 27 December 2007. TL 465,000 paid by the Company to public institutions for the transfer of the investment property was capitalised. In accordance with the report dated 31 December 2012 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Fındıklı Building 1 is determined as TL 44,400,000 according to the use of both market value and discounted cash flow projections approach.

In accordance with the decision taken in the board of directors meeting, held on 28 December 2007, the Company rented this property to TSKB and its affiliates. Rental income amounting to TL 2,374,496 was earned for Fındıklı Building 1 for the year ended 31 December 2012 (31 December 2011: TL 2,637,626). There is no restriction on the investment property.

Fındıklı Building 2

Fındıklı Building 2 is registered in Beyoğlu, Mebusan Street, map 84, plot 1486, parcel 76. The parcel has an easement right for an area of 2,503.18 square meters and subway of 89.39 square meters.

The investment property was purchased from TSKB at TL 31,140,783 on 27 December 2007. TL 463,200 paid by the Company to public institutions for the transfer of the investment property was capitalised. According to the report dated 31 December 2012 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Fındıklı Building 2 is determined as TL 43,310,000 according to the use of both market value and discounted cash flow projections approach.

In accordance with the decision taken in the board of directors meeting, held on 28 December 2007, the Company rented this property to TSKB and its affiliates. Rental income amounting to TL 3,536,827 was earned for Fındıklı Building 2 for the year ended 31 December 2012 (31 December 2011: TL 2,476,164). There is no restriction on the investment property.

8. INVESTMENT PROPERTY *(continued)*

Pendorya Mall

Pendorya Mall is registered in Pendik, Doğu District, plot 105, map 865, parcel 64. The parcel has an area of 23,182.96 square meters. In Pendorya Mall, whose leasable area is 30,275 square meters, there are 106 stores spread over eight floors. The Company has 100% stake in Pendorya Mall. Pendorya Mall was recognised as tangible asset at cost until 1 January 2009 and classified to the investment property with its cost value on 1 January 2009.

According to the report dated 31 December 2012 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Pendorya Mall owned by the Company, was determined as TL 211,620,000 according to discounted cash flow projections. The model approach refers to the long-term projection using present value of after-tax cash flows to be generated by the property in the future years. The future cash flows were calculated using the assumptions taken into consideration the store rental agreements and meetings with the Company. The cash inflows from projections are discounted to present value with a discount rate suitable with the risk level of the economy, sector and investment and its fair value of the mall was calculated including the land. The cash flow is calculated on the Euro cash flows of the projection and 5.50% discount rate was used for the years between 2012 and 2022 on the model. In addition, 3% annual rent increase rate was used during other years. Occupancy rates for the year 2012, 2013 and 2014 are 88%, 90% and 95%, respectively. Afterwards, 99% of occupancy rate is used.

In accordance with the decision taken in the Board of Directors meeting, held on 11 October 2012, the Company purchased 1/20 share of Pendorya Mall belonging to Ataman Turizm ve Ticaret Ltd. Şti. registered in Istanbul, Pendik, Doğu District, Plot 105, Map 865, Parcel 64 amounting to TL 6,000,000 + VAT and the ownership of the real estate is transferred to the Company by the completion of land registry transactions.

There are mortgages amounting to USD 82,500,000 and Euro 25,500,000 on the Pendik land owned by the Company due to the loans received from TSKB (31 December 2011: Amounting to USD 78,375,000 and Euro 24,225,000 of this mortgage are on the 19/20 shares of the Company, remaining of the mortgage is on the 1/20 share (Note 11).

89% (31 December 2011: 93%) of the rentable area of Pendorya Mall, which was opened on 17 December 2009, has been rented as at 31 December 2012. Rental income amounting to TL 7,760,443 was earned for Pendorya Mall during the period ended 31 December 2012 (31 December 2011: TL 7,064,458).

Adana Hotel Project

Adana land is registered in Adana province, Seyhan Town, Çınarlı District, map 1653, plot 143. The parcel has an area of 3,608 square meters. The shareholding structure of the land purchased in the scope of the ongoing project development stage in Adana is 50%-50%.

At 27 September 2011, the licence of construction work for a 5-star hotel project of the Company that has been built up in Adana province, Seyhan town, Çınarlı District, Map 1653 and Plot 143, has been completed and relevant licence is obtained from Municipality of Seyhan Town.

Adana land was purchased at TL 9,863,151 on 6 November 2007. According to the report dated 31 December 2012 prepared by a real estate appraisal company, which is included in the list to provide valuation service by the CMB, the fair value of Adana land is determined as TL 18,650,000 for 50% shares of the land owned by the Company determined according to the market value approach.

There is mortgage on the Adana land amounting to USD 15,000,000 due to the loan received from Türkiye İş Bankası AŞ (Note 11).

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

8. INVESTMENT PROPERTY *(continued)*

Operating leases

The Company as lessor

The Company has signed operating lease agreements with Pendorya Mall tenants and TSKB as lessor. The future minimum lease payments as at 31 December 2012 and 31 December 2011 under non-cancellable leases are as follows:

	31 December 2012	31 December 2011
Less than one year	13,988,271	15,447,130
Between one and five years	19,131,030	36,378,517
More than five years	7,394,709	18,276,190
Total	**40,514,010**	**70,101,837**

9. TANGIBLE ASSETS

The movement in tangible assets for the years ended 31 December 2012 and 2011 are as follows:

	1 January 2012	Acquisitions	Disposals	31 December 2012
Cost				
Furnitures and fixtures	131,125	-	-	131,125
Vehicles	32,402	-	-	32,402
	163,527	**-**	**-**	**163,527**
Accumulated depreciation				
Furnitures and fixtures	53,925	39,389	-	93,314
Vehicles	23,849	3,421	-	27,270
	77,774	**42,810**	**-**	**120,584**
	85,753			**42,943**

	1 January 2011	Acquisitions	Disposals	31 December 2011
Cost				
Furnitures and fixtures	62,735	68,390	-	131,125
Vehicles	32,402	-	-	32,402
	95,137	**68,390**	**-**	**163,527**
Accumulated depreciation				
Furnitures and fixtures	34,180	19,745	-	53,925
Vehicles	21,600	2,249	-	23,849
	55,780	**21,994**	**-**	**77,774**
	39,357			**85,753**

As at 31 December 2012 and 31 December 2011, there is not any pledge on tangible assets.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

10. INTANGIBLE ASSETS

The movement in intangible assets for the years ended 31 December 2012 and 2011 are as follows:

	1 January 2012	**Acquisitions**	**Disposals**	**31 December 2012**
Cost				
Software	32,603	2,065	-	34,668
	32,603	**2,065**	**-**	**34,668**
Accumulated amortisation				
Software	18,782	13,572	-	32,354
	18,782	**13,572**	**-**	**32,354**
	13,821			**2,314**

	1 January 2011	**Acquisitions**	**Disposals**	**31 December 2011**
Cost				
Software	16,515	16,088	-	32,603
	16,515	**16,088**	**-**	**32,603**
Accumulated amortisation				
Software	3,762	15,020	-	18,782
	3,762	**15,020**	**-**	**18,782**
	12,753			**13,821**

As at 31 December 2012 and 31 December 2011, the Company does not have any internally developed intangible assets.

11. PROVISIONS, CONTINGENT ASSESTS AND LIABILITIES

Legal cases

There is a lawsuit for the cancellation of the licence of construction dated 16 July 2008 numbered 1120 given for the Pendorya Mall of the Company registered in Pendik, Doğu District, plot 105, map 865, parcel 64 and related zoning plan dated 6 November 2007 scaled 1/1000 and for motion for stay of execution against Pendik Mayoralty. TSKB GYO is also involved in the instant case and Istanbul 9th Administrative Court ordered the cancellation of the licence and zoning plan with a right of appeal. As a result of the appeal, Council of State also approved the resolution of the Court on 1 December 2011.

In addition, seeking the cancellation of the 1/1000 scaled zoning plan dated 6 November 2007 by the decision of 9th Administrative Court, the plaintiff also filed a lawsuit against Pendik Municipality on the Istanbul 3rd Administrative Court (the "Court") in order to demand grant a stay of execution suspending the cancellation of the construction and occupancy permits dated 4 December 2009 numbered 101 and 14 December 2009 dated 104 numbered given for Pendorya Mall. The Court issued a stay of execution on 31 December 2010 regarding related occupancy permits and the Court decided on 22 September 2011 to set aside the decision of the case on the basis of that cancellation of the construction licence dated 16 July 2008 numbered 1120 given to TSKB GYO for Pendorya Mall with 4 November 2010 dated resolution is due to the cancellation of 1/1000 scaled Zoning Plan. TSKB GYO, involved in the position to demand the motion for stay of execution of the mentioned cancellation resolution of the Court and has presented the petition of appeal to the Council of State on 4 November 2011. The request for the cancellation of the execution has been rejected on 16 January 2012.

Development functions and construction conditions of the real estates (land use decisions) are permitted by the Zoning Plan. New 1/5000 scaled, 25 December 2010 dated Zoning Plan for the area where Pendorya Shopping Mall is located, has become effective. According to the New 1/5000 scaled Zoning Plan, the related real estate's functions has been preserved.

In accordance with the new Zoning Plan, 1/1000 scaled Zoning Plan has been prepared by Pendik Municipality and approved by the Pendik Municipality Council at 7 October 2011. Subsequent to the approval of 1/1000 scaled zoning plan by Istanbul Metropolitan Municipality, the Pendorya Mall's both construction licence and occupancy permit renewal application will be made.

Pendorya Mall was built in accordance with the 1/1000 scaled Zoning Plan that was in force at the date of construction and both construction licence and occupancy permits had been obtained in regular form at same date. Land amendment transactions are also completed accordingly. Land Registry records were still registered as a shopping center. Therefore, it is not expected that there will be a problem relating with the existing construction licence, new licence demand or operations of Pendorya Mall. As at the reporting period, in addition to the uncertainties over the final results of the legal cases, the Company's Management does not expect a sequel that could significantly affect the Company's financial statements, therefore, the accompanying financial statements do not include the possible effects of these legal cases.

Ataman Turizm ve Ticaret Ltd. Şti, 1/20 owner of Pendorya Mall registered in Istanbul, Pendik town, Doğu District, plot 105, map 865, parcel 64, filed a lawsuit numbered 2012/327 E. at Pendik (Istanbul) 1. Magistrate's Court against the Company, 19/20 owner of Pendorya Mall for the end of partnership relations in Pendorya Mall with the Company, plaintiff filed the lawsuit with the complaint for the end of partnership relations by declaring and claiming that, the own shares in Pendorya Mall cannot be shared by mutual agreement, so if it is not possible, the shares should be sold and converted into cash by public auction. At 9 October 2012, Ataman Turizm ve Ticaret Ltd. Şti witdrawed the appeal filed for the end of the partnership relations on related real estate.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSESTS AND LIABILITIES *(continued)*

Collaterals received

The details of letter of guarantees received are as follows:

	31 December 2012	31 December 2011
Letter of guarantees	1,693,973	2,570,343
Total	**1,693,973**	**2,570,343**

Letters of guarantee received consist of letters of guarantee received from contractors of Pendorya Mall project and from tenants for shopping mall.

Letter of Guaranties, Securities and Mortgages

According to the decision of CMB on 9 September 2009 related to the commitments of publicly owned companies given to the guarantee 3^{rd} party's debts;

For companies other than publicly owned associations and financial institutions;

i) For their own corporate identities,

ii) In favour of fully consolidated entities,

iii) In favour of 3^{rd} parties to continue their operations will not be limited,

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments have already been given they will be reduced to nil until 31 December 2014.

As at 31 December 2012 and 31 December 2011 commitments given are as follows:

	31 December 2012	31 December 2011
A. Commitments given in the name of own legal entity	236,823,850	238,717,093
B. Commitments given in favour of fully subsidiaries	-	-
C. Commitments given to guarantee the debts of third parties to continue their operations	-	-
D. Other commitments given;	-	-
- in favour of parent company	-	-
- in favour of group companies other than mentioned in bullets B and C	-	-
- in favour of third parties other than mentioned in bullets C	-	-
Total	**236,823,850**	**238,717,093**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES *(continued)*

The details of letter of guarantees given are as follows:

	31 December 2012	31 December 2011
Mortgages given	233,771,850	235,577,093
Letters of guarantee given	3,052,000	3,140,000
Total	**236,823,850**	**238,717,093**

There are mortgages amounting to USD 82,500,000 and Euro 25,500,000 on Pendik land owned by the Company due to the loans received from TSKB (31 December 2011: Amounting to USD 78,375,000 and Euro 24,225,000 of this mortgage are on the 19/20 shares of the Company, remaining of the mortgage is on the 1/20 share). In addition, there is a mortgage amounting to USD 15,000,000 on the Adana land due to the loans received from Türkiye İş Bankası AŞ.

As at 31 December 2012, with the Board of Directors resolution numbered 105 dated 30 March 2010, a letter of guarantee was given to the Istanbul Metropolitan Municipality amounting to TL 3,000,000 for the road construction around Pendorya Mall. Remaining TL 52,000 is a letter of guarantee given to Milli Piyango, with the Board of Directors resolution numbered 203 dated 20 November 2012 which is related to lottery organisation for the new year celebration of the Pendorya Mall.

As at 31 December 2011, with the Board of Directors resolution numbered 105 dated 30 March 2010, a letter of guarantee was given to the Istanbul Metropolitan Municipality amounting to TL 3,000,000 for the road construction around Pendorya Mall. Remaining TL 140,000 is a letter of guarantee given to Milli Piyango, with the Board of Directors resolution numbered 159 dated 14 October 2011 which is related to lottery organisation for the first year celebration of the Pendorya Mall.

As at 12 August 2011, ongoing business agreement negotiations between the Company and Bilici Yatırım Sanayi ve Ticaret AŞ for the operating right of jointly owned 5-star hotel project that has been built up at Adana province, Seyhan Town, Çınarlı District, Map 1653 and Plot 143 are completed and 15-year operating agreement has signed between the parties. The Company is jointly and severally responsible for the obligations specified in the agreement with Bilici Yatırım Sanayi ve Ticaret AŞ. The Company with Bilici Yatırım Sanayi ve Ticaret AŞ is responsible for doing the hotel's project planning, building and construction works, purchasing materials and the hotel's furnishing as soon as possible, in accordance with the specifications of the company, the other party to the agreement and also the Company and Bilici Yatırım Sanayi ve Ticaret AŞ will make it possible that the hotel will be operated in accordance with the counter party's standards, generally accepted standards and operating requirements. In this matter, responsibility entirely belongs to the Company and Bilici Yatırım Sanayi ve Ticaret AŞ.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

12. PROVISION FOR EMPLOYEE BENEFITS

	31 December 2012	31 December 2011
Short-term		
Provision for personnel bonus	100,000	95,000
Provision for unused vacation	28,884	14,001
	128,884	**109,001**
Long-term		
Provision for employee severance indemnity	65,890	18,534
	65,890	**18,534**
Total	**194,774**	**127,535**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2012 is TL 3,033.98 (31 December 2011: TL 2,731.85).

In accordance with TAS 19 – *Employee Benefits*, the Company is required to use actuarial valuation methods in estimating the liability related with current retirement plans. As at 31 December 2012 and 31 December 2011, employee severance indemnity in the accompanying financial statements has been calculated using the following actuarial assumptions;

	31 December 2012	31 December 2011
Discount rate	1.54%	4.05%
Estimated retirement turnover rate	95%	95%

Movement of reserve for employee termination benefits for the years ended 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Balance at the beginning of the period	18,534	31,769
Cost of service	1,714	2,984
Cost of interest	18,942	6,043
Payments in the period	(13,611)	(2,794)
Actuarial difference	40,311	(19,468)
Balance at the end of the period	**65,890**	**18,534**

Actuarial gains and losses are recognised into profit or loss.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

13. OTHER CURRENT / NON-CURRENT ASSETS AND OTHER SHORT-TERM / LONG-TERM LIABILITIES

Other current assets

	31 December 2012	31 December 2011
VAT carried forward	2,517,889	2,780,483
Prepaid taxes and funds	245,689	241,164
Prepaid expenses	238,733	23,890
Income accruals	70,500	77,320
Advances given	3,376	-
Job advances	3,104	13,598
Other	12,275	-
Total	**3,091,566**	**3,136,455**

Other non-current assets

	31 December 2012	31 December 2011
VAT carried forward	9,611,342	10,315,561
Deposits and guarantees given	135,775	135,775
Total	**9,747,117**	**10,451,336**

Other short-term liabilities

	31 December 2012	31 December 2011
Unearned revenue(*)	1,050,258	142,263
Expense accruals	64,603	2,617
Taxes and duties payable	57,642	75,715
Other	53,046	320
Total	**1,225,549**	**220,915**

(*) As at 31 December 2012 and 31 December 2011, unearned revenue comprise of rental income collected in advance.

Other long-term liabilities

	31 December 2012	31 December 2011
Deposits and guarantees received	124,596	104,263
Other provisions(*)	35,415	23,750
Total	**160,011**	**128,013**

(*) As at 31 December 2012, Adana Otel Projesi Adi Ortaklığı's total equity has a negative balance, therefore the Company made a provision for the contingent liabilities that may arise in the future amounting to TL 35,415 (31 December 2011: TL 23,750) that is the 50% share of the Company in Adana Otel Projesi Adi Ortaklığı's net asset value amounting to TL 70,830 (31 December 2011: TL 47,500).

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

14. EQUITY

14.1 Paid in capital

At 31 December 2012 and 31 December 2011, the issued and fully paid-in share capital of the Company is as follows:

		31 December 2012		31 December 2011	
	Group	**Share %**	**Amount (TL)**	**Share %**	**Amount (TL)**
Türkiye Sınai Kalkınma Bankası AŞ	A	6.67	10,000,000	6.67	10,000,000
Türkiye Sınai Kalkınma Bankası AŞ	B	2.73	4,091,111	2.73	4,091,111
Türkiye Sınai Kalkınma Bankası AŞ	C	49.61	74,408,889	49.61	74,408,889
Yatırım Finansman Menkul Değerler AŞ	C	1.33	2,000,000	1.33	2,000,000
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	C	0.77	1,150,000	0.77	1,150,000
TSKB Gayrimenkul Değerleme AŞ	C	0.30	449,998	0.30	449,998
TSKB AŞ Memur Müstah. Yardım ve Emeklilik Vakfı	C	0.27	400,000	0.27	400,000
Other shareholders	C	0.00	2	0.00	2
Publicly held	C	38.32	57,500,000	38.32	57,500,000
Paid in capital		**100.00**	**150,000,000**	**100.00**	**150,000,000**

The Company shares are issued to three type of groups; Group A and Group B to names and the Group C to holders. The Group A and Group B shares have the right to vote for the election of members of the Board of Directors ("BOD"). Six members of the BOD shall be elected from candidates of the Group A shareholders and one member shall be elected from candidates of the Group B shareholders. Capital increases in the Group A, B and C shares are issued as the Group A, B and C shares, respectively. If the BOD restricts the right of owning new shares for shareholders, new shares are issued as the Group C shares.

As at 31 December 2012, the nominal paid-in capital of the Company comprises 150.000.000 shares of TL 1 for each (31 December 2011: TL 1, TL 150.000.000).

As at 31 December 2012, registered capital ceiling is TL 200,000,000 (31 December 2011: TL 200,000,000).

14. EQUITY *(continued)*

14.2 Restricted reserves

As at 31 December 2012 and 31 December 2011, restricted reserves comprised of the legal reserves amounting to TL 152,670.

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

In accordance with the Communiqué Serial: XI, No: 29 published on the Official Gazette dated 9 April 2008, paid in capital, share premium, special and legal reserves presented under restricted reserves shall be presented at their carrying amount in statutory records.

14.3 Share premium

Shares with TL 50,000,000 nominal value corresponding 33.33% of the share capital of the Company have been offered to public with a price of TL 1.05 per share on 1 and 2 April 2010 and TL 2,500,000 has been recognised in equity as "Share premium". Commission, advertising and legal advice expenses attributable to the issuance of shares amounting to TL 1,906,860 have been presented as a deduction from the share premium.

14.4 Dividend distribution

In accordance with the announcement of CMB's Serial: IV, No: 27 for corporations traded at stock exchange market, that will distribute dividends, in relation to the resolutions in their general meeting the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both, it is also permitted not to distribute determined first party dividends falling below 5% of the paid-in capital of the company but, corporations that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute 1st party dividends in cash.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

15. SALES AND COST OF SALES

For the years ended 31 December 2012 and 2011, revenue is as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Rental income on Pendorya Mall	7,760,443	7,064,458
Rental income on Fındıklı Building 1	2,374,496	2,637,626
Rental income on Fındıklı Building 2	3,536,827	2,476,164
Rental income on Tahir Building	30,559	33,021
Total rental income	**13,702,325**	**12,211,269**
Pendorya Mall service and management charges	2,502,757	2,523,165
Total	**16,205,082**	**14,734,434**

For the years ended 31 December 2012 and 2011, cost of sales are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Maintenance expenses	785,269	590,295
Taxes and levies	716,277	595,095
Electricity expenses	657,551	627,651
Security expenses	560,578	565,503
Management service expenses	479,267	441,145
Cleaning expenses	431,388	468,021
Service expenses	377,435	316,095
Insurance expenses	200,175	157,357
Water expenses	168,769	245,334
Food expenses	139,277	132,417
Consultancy expenses	105,272	200,972
Natural gas expenses	103,040	147,861
Transportation expenses	96,689	143,525
Supplies	21,403	47,790
Other expenses	315,847	199,475
Total	**5,158,237**	**4,878,536**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

16. ADMINISTRATIVE EXPENSES

For the years ended 31 December 2012 and 2011, administrative expenses are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Personnel expenses	1,424,743	1,317,987
Provision for doubtful receivables (Note 7)	426,391	647,940
Consultancy expenses	118,293	183,930
Travel and transportation expenses	85,430	96,657
Depreciation and amortisation expenses	56,382	37,014
ISE fee	37,500	37,500
Advisory expenses	34,269	42,804
Other expenses	133,158	145,232
Total	**2,316,166**	**2,509,064**

Personnel expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Salaries and wages	933,823	941,215
Salaries and other benefits paid to BOD	275,400	259,200
Social security expenses	111,399	85,448
Provision for employment termination	60,967	-
Provision for vacation pay liability	14,883	6,907
Other	28,271	25,217
Total	**1,424,743**	**1,317,987**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

17. SELLING AND MARKETING EXPENSES

For the years ended 31 December 2012 and 2011, selling and marketing expenses are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Advertising expenses	972,968	1,058,655
Total	**972,968**	**1,058,655**

18. OTHER OPERATING INCOME / EXPENSES

For the years ended 31 December 2012 and 2011, other operating income and expenses are as follows:

Other operating income	1 January - 31 December 2012	1 January - 31 December 2011
Value increase on investment properties (Note 8)	7,524,626	15,156,445
Other income	408,882	122,587
Total	**7,933,508**	**15,279,032**

For the year ended 31 December 2012, other operating income comprise reversal of provisions amounting to TL 408,882 and the remaining balance is other income amounting to TL 135,039 (31 December 2011: reversal of provisions amounting to TL 175,792 and the remaining balance is other income amounting to TL 122,587).

Other operating expenses	1 January - 31 December 2012	1 January - 31 December 2011
Commission expenses	49,578	66,972
Other	1,300	2,751
Total	**50,878**	**69,723**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

19. FINANCE INCOME / COSTS

For the years ended 31 December 2012 and 2011, finance income and costs are as follows:

Finance income	**1 January - 31 December 2012**	**1 January - 31 December 2011**
Foreign exchange gains, net	4,887,950	-
Interest income from bank deposits	1,375,449	1,501,898
Income from reverse repo agreements	213,415	136,967
Total	**6,476,814**	**1,638,865**

Finance costs	**1 January - 31 December 2012**	**1 January - 31 December 2011**
Interest expenses	5,057,552	6,617,332
Foreign exchange losses, net	-	19,498,601
Total	**5,057,552**	**26,115,933**

20. TAX ASSETS AND LIABILITIES

According to Article 5/1(d) (4) of the New Corporate Tax Law numbered 5520, the income of real estate investment trusts is exempt from Corporate Income Tax in Turkey.

Since the Company is exempt from the Corporate Tax in accordance with the law, deferred tax was not calculated.

21. EARNINGS / (LOSS) PER SHARE

Earnings per share stated in income statement is calculated by dividing net income for the period by the weighted average number of the Company's shares for the period. Calculation of the earnings per share for the years ended 31 December 2012 and 2011 are presented below:

	1 January - 31 December 2012	**1 January - 31 December 2011**
Net profit / (loss) for the period	17,047,938	(2,837,538)
Weighted average number of shares	150,000,000	150,000,000
Earnings / (loss) per share	0.1137	(0.0189)

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

22. RELATED PARTY DISCLOSURES

22.1. Related party balances

	31 December 2012	31 December 2011
Banks – demand balances		
Türkiye İş Bankası AŞ	16,876	2,884
Türkiye Sınai Kalkınma Bankası AŞ	167	-
Banks- time balances		
Türkiye İş Bankası AŞ	-	-
Banks – restricted balances- reverse repos		
Türkiye Sınai Kalkınma Bankası AŞ	-	4,154,157
Banks – restricted balances- demand balances		
Türkiye Sınai Kalkınma Bankası AŞ	-	6,468
Banks – restricted balances- time balances		
Türkiye İş Bankası AŞ	-	-
Total	**17,043**	**4,163,509**
Due from related parties		
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	7	-
	7	**-**
Prepaid expenses		
Anadolu Anonim Sigorta AŞ	237,560	13,577
Total	**237,560**	**13,577**
Bank borrowings		
Türkiye Sınai Kalkınma Bankası AŞ	102,795,479	115,166,869
Türkiye İş Bankası AŞ	24,121,565	6,252,078
Total	**126,917,044**	**121,418,947**
Due to related parties		
Türkiye Sınai Kalkınma Bankası AŞ	7,218	1,021
Anadolu Anonim Türk Sigorta Şirketi	205,178	-
Total	**212,396**	**1,021**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

22. RELATED PARTY DISCLOSURES *(continued)*

22.2. Related party transactions

	1 January - 31 December 2012	1 January - 31 December 2011
Rental income		
Türkiye Sınai Kalkınma Bankası AŞ	5,663,270	4,907,448
TSKB Gayrimenkul Değerleme AŞ	189,936	150,440
TSKB Yatırım Ortaklığı AŞ	7,189	11,537
TSKB Gayrimenkul Aracılık Hizmetleri AŞ	13,802	13,172
TSKB Gayrimenkul Danışmanlık AŞ	18,787	15,050
TSKB AŞ Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı	8,547	7,476
Sürdürülebilir Danışmanlık AŞ	7,321	4,615
Total	**5,908,852**	**5,109,738**
Interest income		
Türkiye İş Bankası AŞ	4,922	44,427
Total	**4,922**	**44,427**
Interest expense		
Türkiye Sınai Kalkınma Bankası AŞ	2,910,810	6,617,332
Total	**2,910,810**	**6,617,332**
Loan and insurance commission expenses		
Türkiye Sınai Kalkınma Bankası AŞ	23,492	39,319
Türkiye İş Bankası AŞ	141	785
Total	**23,633**	**40,104**
Capitalised interest expense		
Türkiye İş Bankası AŞ	401,154	354,220
Total	**401,154**	**354,220**

22. RELATED PARTY DISCLOSURES *(continued)*

22.2. Related party transaction *(continued)*

Benefits provided to key management personnel

Benefits provided to the Board of Directors, the Audit Committee and the General Manager for the year ended 31 December 2012 is TL 787,763 (31 December 2011: TL 483,442).

Other

There are mortgages amounting to USD 82,500,000 and Euro 25,500,000 on the Pendik land owned by the Company due to the loans received from TSKB. There is mortgage on the Adana land amounting to USD 15,000,000 due to the loan received from related parties (31 December 2011: Amounting to USD 78,375,000 and Euro 24,225,000 of this mortgage are on the 19/20 shares of the Company, remaining of the mortgage is on the 1/20 share (Note 11).

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. The Company has exposure to the following risks from its operations:

- credit risk,
- liquidity risk,
- market risk.

23.1. Credit risk

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party. These risks are controlled by credit evaluations and restricting the maximum exposure to a counter party.

The Company adopts a liquid portfolio management approach for the use of possible property projects and it invests in short-term instruments. The Board of Directors determines the portfolio management strategy for financial assets of the Company and the comparison criteria, considering the economic developments and expectations.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.1 Credit risk *(continued)*

As at 31 December 2012 and 31 December 2011, credit risk exposure of financial assets is as follows:

		Receivables							
		Trade receivables	Other receivables						
	31 December 2012	Related parties	Other parties	Related parties	Other parties	Bank deposits	Financial investments	Derivative instruments	Other
	Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**7**	**1,337,812**	**-**	**-**	**22,071,628**	**-**	**-**	**-**
	- Maximum credit risk amount secured with guarantees	-	486,735	-	-	-	-	-	-
A.	Net book value of neither past due nor impaired financial assets	7	1,337,812	-	-	22,071,628	-	-	-
B.	Net book value of restructured financial assets	-	-	-	-	-	-	-	-
C.	Net book value of past due but not impaired financial assets	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
D.	Net book value of impaired assets	-	-	-	-	-	-	-	-
	- Past due (Gross amount)	-	1,435,515	-	-	-	-	-	-
	- Impairment (-)	-	1,435,515	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
	-Not past due (Gross amount)	-	-	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
E.	Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.1. Credit risk *(continued)*

		Receivables							
		Trade receivables		Other receivables					
	31 December 2011	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits**	**Financial investments[1]**	**Derivative instruments**	**Other**
	Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**-**	**1,888,295**	-	-	**10,999,447**	**4,154,157**	-	-
	- Maximum credit risk amount secured with guarantees	-	713,144	-	-	-	-	-	-
A.	Net book value of neither past due nor impaired financial assets	-	1,878,227	-	-	10,999,447	4,154,157	-	-
B.	Net book value of restructured financial assets	-	-	-	-	-	-	-	-
C.	Net book value of past due but not impaired financial assets	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
D.	Net book value of impaired assets	-	10,068	-	-	-	-	-	-
	- Past due (Gross amount)	-	1,457,975	-	-	-	-	-	-
	- Impairment (-)	-	1,447,907	-	-	-	-	-	-
	- Net book value secured with guarantees	-	10,068	-	-	-	-	-	-
	-Not past due (Gross amount)	-	-	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-	-	-
	- Net book value secured with guarantees	-	-	-	-	-	-	-	-
E.	Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

[1] Receivables from reserve repo agreements are included.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.2. Liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. The Company uses its funds from borrowings in investment property project developments.

The following table presents the Company's financial liabilities including interest payments according to their remaining contractual maturities:

31 December 2012	Carrying value	Total contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Non-derivative financial liabilities						
Funds borrowed	126,917,044	157,729,918	6,667,947	7,031,220	63,863,738	80,167,013
Trade payables	732,813	732,813	732,813	-	-	-
Total	**127,649,857**	**158,462,731**	**7,400,760**	**7,031,220**	**63,863,738**	**80,167,013**

31 December 2011	Carrying value	Total contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Non-derivative financial liabilities						
Funds borrowed	121,418,947	154,330,220	6,368,405	6,842,629	59,251,740	81,867,446
Trade payables	572,653	572,653	572,653	-	-	-
Total	**121,991,600**	**154,902,873**	**6,941,058**	**6,842,629**	**59,251,740**	**81,867,446**

As at 31 December 2012 and 31 December 2011, the Company does not have any derivative financial liabilities.

23.3. Market risk

The Company is exposed to various market risks, including the effects of changes in exchange rates, interest rates, equity prices and credit spreads.

The total risk management program of the Company focuses on the unpredictability of the financial markets and aims at reducing the potential negative effects on the Company's financial performance.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.3. Market risk *(continued)*

Foreign currency risk

Exchange risk comprises the effects arising from exchange movements in the event foreign currency assets, liabilities and off-balance sheet items are owned.

In order to offset the effects of long term foreign currency liabilities, the Company signs foreign currency denominated rent agreements in Pendorya Mall.

The exchange rates applied as at 31 December 2012 and 31 December 2011 are as follows:

	USD	EURO
31 December 2012	1.7826	2.3517
31 December 2011	1.8889	2.4438

The following table details the Company's foreign currency position risk as at 31 December 2012 and 31 December 2011. The foreign currency assets and liabilities kept by the Company in TL are as follows:

31 December 2012	TL equivalent (functional currency)	USD	EURO
Monetary financial assets (Cash, bank balances included)	-	-	-
Total assets	-	-	-
Short-term funds borrowed	11,008,768	2,059,615	3,119,998
Long-term funds borrowed	115,908,276	28,244,231	27,877,752
Other liabilities	122,394	-	52,045
Total liabilities	**127,039,438**	**30,303,846**	**31,049,795**
Net foreign currency position	**(127,039,438)**	**(30,303,846)**	**(31,049,795)**

31 December 2011	TL equivalent (functional currency)	USD	EURO
Monetary financial assets (Cash, bank balances included)	2,886	-	1,181
Total assets	**2,886**	-	**1,181**
Short-term funds borrowed	10,733,923	1,739,315	3,047,930
Long-term funds borrowed	110,685,024	19,250,001	30,413,167
Other liabilities	104,263	-	42,664
Total liabilities	**121,523,210**	**20,989,316**	**33,503,761**
Net foreign currency position	**(121,520,324)**	**(20,989,316)**	**(33,502,580)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

23. NATURE AND LEVEL OF RISK ARRISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.3. Market risk *(continued)*

Foreign currency risk *(continued)*

Foreign currency sensitivity

A 10% appreciation / depreciation of TL against the foreign currencies at 31 December 2012 and 31 December 2011 would have changed other comprehensive income and profit or loss by the amounts shown below:

	Profit / (Loss)		Equity(*)	
31 December 2012	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change of the USD against TL				
1- Net USD asset/liability	(5,401,964)	5,401,964	(5,401,964)	5,401,964
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1+2)	**(5,401,964)**	**5,401,964**	**(5,401,964)**	**5,401,964**
10% change of the EURO against TL				
4- Net EURO asset/liability	(7,301,980)	7,301,980	(7,301,980)	7,301,980
5- Hedged portion of TL against EURO risk (-)	-	-	-	-
6- Net effect of EURO (4+5)	**(7,301,980)**	**7,301,980**	**(7,301,980)**	**7,301,980**
TOTAL (3+6)	**(12,703,944)**	**12,703,944**	**(12,703,944)**	**12,703,944**

	Profit / (Loss)		Equity(*)	
31 December 2011	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change of the USD against TL				
1- Net USD asset/liability	(3,964,672)	3,964,672	(3,964,672)	3,964,672
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1+2)	**(3,964,672)**	**3,964,672**	**(3,964,672)**	**3,964,672**
10% change of the EURO against TL				
4- Net EURO asset/liability	(8,187,360)	8,187,360	(8,187,360)	8,187,360
5- Hedged portion of TL against EURO risk (-)	-	-	-	-
6- Net effect of EURO (4+5)	**(8,187,360)**	**8,187,360**	**(8,187,360)**	**8,187,360**
TOTAL (3+6)	**(12,152,032)**	**12,152,032**	**(12,152,032)**	**12,152,032**

(*) Profit/loss effect is included.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.3. Market risk *(continued)*

Interest rate risk

The Company is exposed to interest rate risk due to interest bearing assets and liabilities.

The table below shows the financial instruments sensitive to interest rates as at 31 December 2012 and 31 December 2011:

	31 December 2012	31 December 2011
Financial instruments with fixed interest rates		
Financial assets	22,054,575	15,136,440
Financial liabilities	-	-
Financial instruments with variable interest rates		
Financial liabilities	126,917,044	121,418,947

Interest rates which are applied to financial instruments as at 31 December 2012 and 31 December 2011 are as follows:

	31 December 2012		31 December 2011	
Financial instruments				
Banks-Time	TL	8.32%	TL	11.43%
Receivables from reverse repo agreements	-	-	TL	9.26%
Bank borrowings	USD	5.05%	USD	4.56%
Bank borrowings	EURO	4.06%	EURO	5.35%

Interest rate sensitivity

As at 31 December 2012, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The analysis is performed on the same basis for 31 December 2011.

	Profit/loss		Equity(*)	
31 December 2012	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial liabilities with variable interest rates	(555,734)	555,836	(555,734)	555,836

	Profit / loss		Equity(*)	
31 December 2011	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Financial liabilities with variable interest rates	(569,250)	569,318	(569,250)	569,318

(*) Profit/loss effect is included.

23. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

23.4. Capital management

The Company manages its capital by reducing its investment risk to the lowest level with effective portfolio management. The aim of the Company is to maintain sustainable returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company considers having a strong capital structure for future investments beside the legislation in its dividend distribution policy.

24. FINANCIAL INSTRUMENTS

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

A number of the Company's accounting policies and disclosures require the determination of fair value for financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Following assumptions and methods are used to estimate fair value of financial instruments, if fair values are applicable.

Financial assets

The Company assumes that the carrying values of cash and cash equivalents and trade receivables are close to their fair value because of their short-term nature.

Financial liabilities

The Company assumes that the carrying values of the trade payables and other liabilities are close to their fair value because of their short-term nature.

Bank borrowings are measured with their amortised costs by adding transaction costs to their acquisition costs. It is assumed that carrying values of variable rate borrowings are close to their fair values as they are repriced considering the market conditions.

(Amounts expressed in Turkish Lira ("TL") unless otherwise stated.)

25. COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS

According to the Communiqué Serial: VI, No. 11 promulgated by CMB, "Communiqué on Principles Regarding Real Estate Investment Companies", compliance control of the portfolio restrictions of the Company is as follows:

	The main accounts of separate financial statements	Related regulation	31 December 2012	31 December 2011
A	Capital and money market instruments	Serial:VI, No:11, Article 27 / (b)	22,071,628	15,153,604
B	Real estates, rights supported by real estates and real estate projects	Serial:VI, No:11, Article 27 / (a)	328,080,000	309,835,000
C	Subsidiaries(*)	Serial:VI, No:11, Article 27 / (b)	-	-
	Due from related parties (other receivables)	Serial:VI, No:11, Article 24 / (g)	-	-
	Other assets		14,222,702	15,575,660
D	**Total assets**	Serial:VI, No:11, Article 4 / (i)	**364,374,330**	**340,564,264**
E	Funds borrowed	Serial:VI, No:11, Article 35	126,917,044	121,418,947
F	Other financial liabilities	Serial:VI, No:11, Article 35	-	-
G	Financial lease obligations	Serial:VI, No:11, Article 35	-	-
H	Due to related parties (other payables)	Serial:VI, No:11, Article 24 / (g)	-	-
I	Equity	Serial:VI, No:11, Article 35	235,144,139	218,096,201
	Other liabilities		2,313,147	1,049,116
D	**Total liabilities and equity**	Serial:VI, No:11, Article 4 / (i)	**364,374,330**	**340,564,264**

	Other separate financial information	Related regulation	31 December 2012	31 December 2011
A1	Capital and money market instruments amount held for 3-year real estate payments	Serial:VI, No:11, Article 27 / (b)	-	-
A2	Time balances / demand balances TL / foreign currency	Serial:VI, No:11, Article 27 / (b)	22,071,628	10,999,447
A3	Foreign capital market instruments	Serial:VI, No:11, Article 27 / (c)	-	-
B1	Foreign real estates, rights supported by real estates and real estate projects	Serial:VI, No:11, Article 27 / (c)	-	-
B2	Inactive land	Serial:VI, No:11, Article 27 / (d)	-	-
C1	Foreign subsidiaries	Serial:VI, No:11, Article 27 / (c)	-	-
C2	Participating to operating company	Serial:VI, No:11, Article 32 / A	-	-
J	Non-cash loans	Serial:VI, No:11, Article 35	-	-
K	Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	Serial:VI, No:11, Article 25 / (n)	-	-

(*) According to the Communiqué Serial: VI, No: 11, Article 37, Adana Otel Projesi Adi Ortaklığı is not considered as subsidiary and this joint venture is not subject to portfolio restrictions. Therefore, financial information presented above the table does not contain the equity-accounted joint venture amount.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated.)

25. COMPLIANCE CONTROL OF THE PORTFOLIO RESTRICTIONS *(continued)*

	Portfolio restrictions	Related regulation	31 December 2012	31 December 2011	Max / Min ratio
1	Mortgage amounts of the mortgaged lands that the project will be developed on without ownership	Serial:VI, No:11, Article 25 / (n)	0%	0%	10%
2	Real estates, rights supported by real estates and real estate projects	Serial:VI, No:11, Article 27 / (a),(b)	90%	91%	50%
3	Capital and money market instruments and subsidiaries	Serial:VI, No:11, Article 27 / (b)	6%	4%	50%
4	Foreign real estates, rights supported by real estates and real estate projects, subsidiaries and capital market instruments	Serial:VI, No:11, Article 27 / (c)	0%	0%	49%
5	Inactive land	Serial:VI, No:11, Article 27 / (d)	0%	0%	20%
6	Participating to operating company	Serial:VI, No:11, Article 32 / A	0%	0%	10%
7	Borrowings limits	Serial:VI, No:11, Article 35	55%	57%	500%
8	Time balances / demand balances tl / foreign currency	Serial:VI, No:11, Article 27 / (b)	6%	3%	10%

26. EVENTS AFTER THE REPORTING PERIOD

None.